

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF GREEN RIVER)
ELECTRIC CORPORATION (1) FOR AN ORDER)
PURSUANT TO KRS 278.300 AND 807)
KAR 5:001, SECTION 11 AND RELATED)
SECTIONS, AUTHORIZING IT TO ISSUE)
EVIDENCE OF INDEBTEDNESS TO BORROW)
\$1,254,000 FROM THE LOUISVILLE BANK) CASE NO. 9439
FOR COOPERATIVES, AND (2) FOR A CERTI-)
FICATE OF CONVENIENCE AND NECESSITY)
PURSUANT TO KRS 278.020 (1) AND 807 KAR)
5:001, SECTION 9 AND RELATED SECTIONS,)
AUTHORIZING CERTAIN PROPOSED CONSTRUC-)
TION AND ASSOCIATED CAPITAL OUTLAY)

O R D E R

Green River Electric Corporation ("Green River") filed its application on October 4, 1985, for authorization to borrow funds and to request a certificate of convenience and necessity to construct certain improvements and additions to its existing plant. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$4,860,086 and will be financed by a loan of \$2,926,000 from the Rural Electrification Administration ("REA") and a loan of \$1,254,000 from the Louisville Bank for Cooperatives ("LBC"). The total amount of these loans will not be sufficient to complete all items in the 2-year work plan, therefore, it is anticipated that an additional request for approval to borrow funds will be made within the next 2 years.

The Public Service Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require the construction by Green River of the improvements and additions to its existing plant as described in the application and record, and a certificate should be granted.

2. The proposed borrowing from LBC is for lawful objects within the corporate purposes of Green River, is necessary and appropriate for and consistent with the proper performance by Green River of its service to the public, and will not impair its ability to perform that service.

IT IS THEREFORE ORDERED that:

1. Green River be and it hereby is granted a certificate of convenience and necessity to proceed with the construction as set forth in the application and record.

2. Green River is hereby authorized to borrow \$1,254,000 from LBC bearing either the fixed or variable rate in effect, as chosen by Green River at the time that the first monies are drawn from LBC, and repayable within 35 years from the date of mortgage or notes which have been or will be executed with respect to that loan.

3. Green River shall utilize the interest rate program which will result in the net lowest cost of money to Green River over the term of the financing.

4. Green River shall notify the Commission of the interest rate option elected for the financing approved herein along with a statement as to the basis for the decision.

5. Green River shall file, along with its monthly financial report to the Commission, the current interest rate on its variable rate loans outstanding.

6. Green River shall file an application for approval of financing in the event it chooses to convert any loans from a fixed rate to a variable rate.

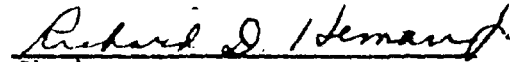
7. Green River be and it hereby is authorized to execute its notes as security for the loan herein authorized.

8. The proceeds from the proposed borrowing shall be used only for the lawful purposes set out in the application and record.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 9th day of December, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary